

This record is a partial extract of the original cable. The full text of the original cable is not available.

121044Z Nov 04

C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 001462

SIPDIS

STATE FOR EAP/BCLTV; PACOM FOR FPA

E.O. 12958: DECL: 11/11/2014

TAGS: [PGOV](#) [PINR](#) [ECON](#) [BM](#)

SUBJECT: THE BURMESE REGIME AIRS ITS DIRTY LAUNDRY: FORMER
PM "CORRUPT AND INSUBORDINATE"

REF: A. RANGOON 1437

- [B](#). RANGOON 1402
- [C](#). RANGOON 1382 AND PREVIOUS
- [D](#). RANGOON 1345
- [E](#). RANGOON 1237

Classified By: CDA, a.i. Ronald McMullen for Reasons 1.4 (b,d)

[1](#)1. (C) Summary: In an apparent campaign to smear former Prime Minister General Khin Nyunt and in the process diminish the authority of the military intelligence (MI) apparatus that he created and controlled, the SPDC on November 7 published a stunning "explanation" of his recent ouster. Gone is an initial regime veneer that subscribed "health reasons" behind Khin Nyunt's departure, replaced by a vitriolic attack describing the junta's former third-ranking member as "culpable," "corrupt," and "insubordinate."

[1](#)2. (C) Rather than corruption, however, we suspect that a more probable explanation for the SPDC's anti-Khin Nyunt campaign is a long-standing hatred, and fear, associated with an MI apparatus that knew no limits and focused attention not only on overt threats to the status quo, but also on the regime itself. Nonetheless, although MI was clearly an irritant to many senior officials, the intelligence network more often than not delivered the goods and served as the regime's backbone for command and control of Burma's diverse population. We suspect that MI will survive, in some shape or form, to continue playing a key role for the SPDC. End Summary.

Sunday - Laundry Day for the Regime

[1](#)3. (U) In a stunning 18-page expose, the SPDC on Sunday November 7 issued a self-described "complete explanation" of events related to the October 19 ouster of former Prime Minister Khin Nyunt. The "explanation," issued as a special insert to the regime's official newspaper (the New Light of Myanmar), was a compilation of internal briefings offered to government and military officials in late October and early November. According to the regime, the briefings were given by SPDC member General Thura Shwe Mann, Prime Minister Lt Gen Soe Win, and Secretary-1 Lt Gen Thein Sein and issued publicly "with a view to hav(ing) the complete story regarding the developments in the country."

[1](#)4. (C) On several occasions since SPDC Chairman Than Shwe's declaration that he had permitted Khin Nyunt "to retire on health grounds," GOB and SPDC officials have alluded to allegations of corruption as a possible reason for the former Prime Minister's demise. Most notably, on October 21 during a briefing for the diplomatic corps, Foreign Minister U Nyan Win linked Khin Nyunt to a \$30 million corruption scheme (ref C). During a private meeting with the COM on October 25, the Minister of Labor (ref B) said that Khin Nyunt was "covered with rust" and should have been dismissed earlier (Note: The Labor Minister, who had close ties to Khin Nyunt, was himself sacked less than two weeks later - ref A. End Note).

[1](#)5. (U) The SPDC's November 7 official explanation of events dropped all pretext of medical reasons for Khin Nyunt's departure, saying that such a description was initially offered "out of regard for his dignity and that of his family." Instead, the briefers, led by General Shwe Mann, unleashed a volley of accusations describing General Khin Nyunt as "culpable," "insubordinate," and deeply involved in bribery and corruption. Among the highlights of Shwe Mann's briefings:

--While Khin Nyunt was undergoing medical treatment in Singapore in mid-September, a "huge and alarming bribery and corruption case" was uncovered at a border checkpoint near Muse, close to the China border in northern Shan State (ref D), involving over \$30 million in cash, 42 tons of jade, and 1,300 pearls. According to Shwe Mann, a "dutiful citizen" had issued a report on the corruption to Khin Nyunt, but the latter neglected to inform SPDC authorities.

--Thus far, the regime has arrested and convicted 186

personnel from the military and three civil departments for their involvement in the Muse case and disbanded the National Intelligence Board (which, under Khin Nyunt's authority, had oversight of military intelligence).

--The Muse case, which exacerbated existing tensions between military intelligence units and immigration units, also revealed that MI (under Khin Nyunt's command) had been "high-handed" in its dealings with ordinary citizens and civil servants.

--On October 1, Army Chief Vice Senior General issued a directive to all government and military departments to cease economic ventures disguised as "welfare" activities raising funds for civil servants. General Khin Nyunt was "deeply aggrieved" by the directive, which resulted in SPDC Chairman Than Shwe warning him on October 4 that he, the Chairman, planned to relieve the Prime Minister of his MI portfolio.

--On October 14, Khin Nyunt told his OCMi lieutenants that the situation had devolved due to a "lack of unity" among military units, and he issued instructions for intelligence gathering on regional and brigade military commanders.

--Citing Khin Nyunt's October 14 instructions as "not only leading to the disintegration of the Tatmadaw (Armed Forces) but also posing a serious threat to the nation," Shwe Mann's briefings concluded that the former Prime Minister was permitted to retire on October 19.

Extortion? We're Shocked, Just Shocked

16. (U) The SPDC's explanations also revealed that Shwe Mann and Prime Minister Soe Win had met with business leaders subsequent to Khin Nyunt's dismissal to "give necessary instructions." Soe Winn, explaining that the regime's economic development successes were not achieved solely under the direction of one individual (e.g., Khin Nyunt), admonished the entrepreneurs to avoid creating a "new class that benefits... a minority of the people" and to steer clear of corruption and bribery. (Note: S-1 Lt Gen Thein Sein, in his capacity as Chairman of the National Convention Convening Commission, also explained that the regime's road map was not the product of "a single individual," but rather the entire SPDC. End Note.)

17. (U) General Shwe Mann told the business leaders, apparently with a straight face, that "we come to know only now" that military intelligence officers had employed strong-arm tactics with the commercial sector, noting that "if they (MI commanders) need money, all they need to do is to summon the entrepreneurs and interrogate them." Shwe Mann assured the business leaders that the SPDC had placed MI "in its bounds" in order to prevent further corrupt practices.

18. (U) However, Shwe Mann also gave a clear warning to operators who may have had business deals with Khin Nyunt, his family, and/or his cronies, urging entrepreneurs to write as soon as possible to the new chief of military intelligence, Maj Gen Myint Swe, and confess their past "donations" to MI officers and avoid "unnecessary interrogations." He added, "if, on the other hand (your deals are) revealed upon interrogation, you will be held responsible." He observed that interrogations had already exposed information on joint ventures between OCMi (Khin Nyunt's Office of the Chief of Military Intelligence) and the "Tun Lin Yaung Company," but offered no further details.

Comment: MI Down, but Not Out for the Count

19. (C) A mere two days elapsed before the SPDC began to remove its thin veneer of a dignified departure for Khin Nyunt and to blame the former Prime Minister for many of the country's ills. The November 7 "explanations," a public airing of internal conflict and decision-making without precedence under the current regime, are a stunning admission that Khin Nyunt almost single-handedly split the armed forces and threatened to undermine the regime. True or not, the SPDC has felt compelled to undertake a massive effort, apparently launched just prior to Khin Nyunt's actual ouster (ref E), to purge the military and government of his influence. Authorities have cast a very wide net and in recent weeks hundreds upon hundreds of Khin Nyunt's family members, cronies, associates, and subordinates have disappeared--subject to dismissal, arrest, interrogation, detention, and/or imprisonment.

110. (C) So what is behind the vitriol suddenly directed at Khin Nyunt, by all accounts a teetotaler workaholic who was faithful to the regime cause and, by the low standards of dictatorial rule, relatively limited in his excesses? There is no question that "resource allocation" and competition among various military units for economic gains were sources of serious friction within the Tatmadaw, and perhaps even the SPDC itself. However, the regime's feigned shock at Khin

Nyunt's corrupt practices are laughable, given the vast amounts of "tea money" that regularly exchange hands at all levels of Burmese society and the regime's own use of corruption to extend and maintain its authority.

11. (C) A more probable explanation for the SPDC's feast upon the carcass of what was once a Khin Nyunt empire is the long-standing hatred, and fear, associated with his military intelligence apparatus. MI knew no limits and, with its Stasi-like oversight and powers, focused attention not only on dissenters, insurgents, and other overt threats to the status quo, but also on the regime itself. Khin Nyunt's purported October 14 instructions for his MI officers to probe the SPDC's powerful regional commanders may have been the straw that broke the camel's back, leading to his ouster and providing cover for a vengeful blow directed at military intelligence.

12. (C) The ongoing purge may be short-lived, however. MI was clearly an irritant to many, but the intelligence network more often than not delivered the goods and served as the regime's backbone for command and control of Burma's diverse population. The SPDC will likely, for the sake of its continued survival, establish some new or modified organization to carry out the nefarious activities of Khin Nyunt's MI. End Comment.

MCMULLEN